

SENATE BILL 381

Unofficial Copy
P3
SB 511/03 - B&T

2004 Regular Session
4r2038

By: **Senators Jones, Britt, Conway, Currie, Garagiola, Grosfeld, Hogan,
Hughes, Kramer, Lawlah, and McFadden**

Introduced and read first time: February 4, 2004

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Agencies - Managing for Results**

3 FOR the purpose of creating the Managing for Results Strategic Planning Committee;
4 providing for membership of the Committee; requiring the Secretary of Budget
5 and Management to serve as chairperson of the Committee; requiring the
6 Committee to provide oversight to certain agencies on developing and
7 implementing a managing for results agency strategic plan; requiring the
8 Committee to develop and submit to the Governor, General Assembly, and the
9 Department of Budget and Management a managing for results State
10 comprehensive plan on or before a certain date; requiring the Committee to
11 review a certain report and select certain objectives and performance measures
12 on or before a certain date; requiring the Committee to meet at least twice a
13 year to evaluate the progress of certain State agencies in achieving the goals
14 developed in the managing for results State comprehensive plan; requiring the
15 Committee to review and update certain goals, objectives, and performance
16 measures on a biennial basis; establishing the term of membership for
17 Committee members; authorizing a member of the Committee to receive
18 reimbursement for certain expenses; authorizing the Department to provide
19 certain staff support for the Committee; requiring the Committee to report on or
20 before a certain date to the Governor and General Assembly on whether certain
21 objectives and performance measures are adequate to measure certain goals, on
22 the progress of certain State agencies in achieving certain goals, and the reasons
23 why certain goals have not been achieved; requiring certain State agencies to
24 select a certain number of goals in conjunction with the Department that are
25 compatible with the managing for results State comprehensive plan, or that are
26 consistent with the mission of the agency; requiring certain State agencies to
27 develop on or before a certain date a managing for results agency strategic plan
28 that includes a mission statement, agency goals, objectives, defined performance
29 measures, a description of methods and indications used to evaluate certain
30 performance measures, including a description of certain internal controls, an
31 identification of certain customers and stakeholders, an analysis of certain
32 resources used to meet certain agency needs, and an analysis of certain
33 performance measures including statistics and estimates for certain periods;
34 requiring certain agencies to maintain documentation of certain internal

1 controls for review by certain auditors; requiring the Department to report to
2 the Committee on or before certain dates on certain agency objectives and
3 performance measures developed in the managing for results agency strategic
4 plan, and the progress made by certain agencies in achieving certain goals;
5 requiring the Department to present to certain committees of the General
6 Assembly on a certain date a report on the progress of certain agencies in
7 achieving certain goals, and the progress of the Committee on monitoring and
8 evaluating certain goals; authorizing the Department to adopt certain
9 regulations; requesting the Governor to review a certain report and make
10 certain budgetary changes as necessary; requiring the Secretary to include in
11 the draft budget the managing for results agency strategic plan prepared by an
12 agency; requiring the budget books to contain certain limited information from
13 an agency's managing for results agency strategic plan; requiring the Office of
14 Legislative Audits to review certain performance measures; providing certain
15 defined terms; providing for the expiration of terms of certain board members;
16 and generally relating to managing for results.

17 BY adding to

18 Article - State Finance and Procurement
19 Section 3-1001 through 3-1004, inclusive, to be under the new subtitle "Subtitle
20 10. Managing for Results"
21 Annotated Code of Maryland
22 (2001 Replacement Volume and 2003 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article - State Finance and Procurement
25 Section 7-102(a), 7-104(b), and 7-121(a)
26 Annotated Code of Maryland
27 (2001 Replacement Volume and 2003 Supplement)

28 BY repealing and reenacting, with amendments,

29 Article - State Government
30 Section 2-1221(b)
31 Annotated Code of Maryland
32 (1999 Replacement Volume and 2003 Supplement)

33 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
34 MARYLAND, That the Laws of Maryland read as follows:

35 **Article - State Finance and Procurement**

36 **SUBTITLE 10. MANAGING FOR RESULTS.**

37 3-1001.

38 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
39 INDICATED.

1 (B) "AGENCY" MEANS AN ENTITY OF THE EXECUTIVE BRANCH OF STATE
2 GOVERNMENT.

3 (C) "GOAL" MEANS THE PURPOSE TOWARD WHICH AN AGENCY DIRECTS ITS
4 EFFORTS TO PRODUCE DESIRED LONG-TERM RESULTS THAT SUPPORT, CLARIFY,
5 AND PROVIDE DIRECTION TO THE AGENCY'S MISSION AND THAT SUPPORT THE
6 APPLICATION OF STATE RESOURCES TOWARD IMPLEMENTATION OF THE MANAGING
7 FOR RESULTS STATE COMPREHENSIVE PLAN.

8 (D) "MANAGING FOR RESULTS" MEANS A FUTURE-ORIENTED PROCESS THAT
9 EMPHASIZES DEPLOYMENT OF RESOURCES TO ACHIEVE MEANINGFUL RESULTS AND
10 INCLUDES PLANNING, ACCOUNTABILITY, AND CONTINUOUS IMPROVEMENT IN
11 AGENCY PERFORMANCE AND BUDGETING.

12 (E) "MISSION" MEANS A SHORT COMPREHENSIVE STATEMENT OF THE
13 REASON FOR AN AGENCY'S EXISTENCE AND INCLUDES A DESCRIPTION OF WHAT AN
14 AGENCY DOES AND FOR WHOM IT DOES IT.

15 (F) "OBJECTIVE" MEANS A SPECIFIC AND MEASURABLE SHORT-TERM TARGET
16 FOR ACHIEVEMENT OF AN AGENCY'S GOALS AND INCLUDES A DESCRIPTION OF THE
17 DESIRED RESULTS AND A TIMETABLE FOR ACCOMPLISHMENT.

18 (G) (1) "PERFORMANCE MEASURE" MEANS A QUANTITATIVE OR
19 QUALITATIVE INDICATOR USED TO ASSESS WHETHER AN AGENCY IS MEETING ITS
20 GOALS AND OBJECTIVES.

21 (2) "PERFORMANCE MEASURE" INCLUDES THE FOLLOWING:

22 (I) AN EFFICIENCY MEASURE THAT EVALUATES HOW WELL AN
23 AGENCY USES RESOURCES TO PRODUCE GOODS OR SERVICES;

24 (II) AN INPUT MEASURE THAT EVALUATES THE AMOUNT OF
25 RESOURCES USED TO PROVIDE GOODS AND SERVICES;

26 (III) AN OUTCOME MEASURE THAT EVALUATES THE RESULTS AN
27 AGENCY ACHIEVES AND THE BENEFITS CUSTOMERS GET FROM THE AGENCY;

28 (IV) AN OUTPUT MEASURE THAT EVALUATES THE AMOUNT OF
29 GOODS AND SERVICES PRODUCED BY THE AGENCY; AND

30 (V) A QUALITY MEASURE THAT EVALUATES THE EFFECTIVENESS
31 OF THE AGENCY IN MEETING:

32 1. AGENCY OBJECTIVES; AND

33 2. THE EXPECTATIONS OF THE AGENCY'S CUSTOMERS AND
34 STAKEHOLDERS.

35 (H) "PLANNING COMMITTEE" MEANS THE MANAGING FOR RESULTS
36 STRATEGIC PLANNING COMMITTEE.

1 (I) "STATE COMPREHENSIVE PLAN" MEANS A STATEMENT OF GOALS WHICH
2 SERVE AS A BROAD DIRECTIVE FOR IMPROVEMENT AND PRESERVATION OF STATE
3 RESOURCES AND SERVICES.

4 (J) "STRATEGIC PLAN" MEANS A STATEMENT OF DIRECTION IMPLEMENTED
5 BY AN AGENCY TO CARRY OUT ITS MISSION.

6 3-1002.

7 (A) THERE IS A MANAGING FOR RESULTS STRATEGIC PLANNING COMMITTEE
8 IN THE DEPARTMENT.

9 (B) THE PLANNING COMMITTEE CONSISTS OF THE FOLLOWING MEMBERS:

10 (1) TWO MEMBERS OF THE SENATE APPOINTED BY THE PRESIDENT OF
11 THE SENATE;

12 (2) TWO MEMBERS OF THE HOUSE OF DELEGATES APPOINTED BY THE
13 SPEAKER OF THE HOUSE;

14 (3) THE SECRETARY OF THE DEPARTMENT, OR THE SECRETARY'S
15 DESIGNEE; AND

16 (4) THE FOLLOWING MEMBERS APPOINTED BY THE GOVERNOR:

17 (I) SIX REPRESENTATIVES OF AGENCIES, EACH APPOINTED FROM
18 SEPARATE AGENCIES; AND

19 (II) TWO MEMBERS OF THE PUBLIC.

20 (C) THE SECRETARY SHALL SERVE AS CHAIRPERSON OF THE COMMITTEE.

21 (D) (1) THE TERM OF AN APPOINTED MEMBER IS 4 YEARS.

22 (2) THE TERMS OF THE APPOINTED MEMBERS ARE STAGGERED AS
23 REQUIRED BY THE TERMS PROVIDED FOR MEMBERS OF THE COMMITTEE ON JULY 1,
24 2004.

25 (3) AT THE END OF A TERM, AN APPOINTED MEMBER CONTINUES TO
26 SERVE UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

27 (4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES
28 ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND
29 QUALIFIES.

30 (5) AN APPOINTED MEMBER MAY NOT SERVE MORE THAN TWO
31 CONSECUTIVE TERMS.

32 (E) A MEMBER MAY NOT RECEIVE COMPENSATION FOR SERVING ON THE
33 PLANNING COMMITTEE BUT IS ENTITLED TO REIMBURSEMENT FOR EXPENSES

1 UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE
2 BUDGET.

3 (F) THE DEPARTMENT SHALL PROVIDE STAFF SUPPORT FOR THE PLANNING
4 COMMITTEE.

5 (G) THE PLANNING COMMITTEE SHALL:

6 (1) PROVIDE OVERSIGHT OF AGENCIES IN THE DEVELOPMENT AND
7 IMPLEMENTATION OF THE MANAGING FOR RESULTS AGENCY STRATEGIC PLAN
8 REQUIRED UNDER THIS SUBTITLE;

9 (2) DEVELOP AND SUBMIT TO THE GOVERNOR, GENERAL ASSEMBLY,
10 AND DEPARTMENT, ON OR BEFORE JUNE 1 OF EACH EVEN-NUMBERED YEAR, A
11 MANAGING FOR RESULTS STATE COMPREHENSIVE PLAN;

12 (3) REVIEW THE REPORT ON AGENCY OBJECTIVES AND PERFORMANCE
13 MEASURES REQUIRED UNDER THIS SUBTITLE ON OR BEFORE NOVEMBER 1 OF EACH
14 EVEN-NUMBERED YEAR AND SELECT APPLICABLE OBJECTIVES AND PERFORMANCE
15 MEASURES THAT CORRESPOND TO THE GOALS DEVELOPED IN THE MANAGING FOR
16 RESULTS STATE COMPREHENSIVE PLAN AND LIMIT THE NUMBER OF PERFORMANCE
17 MEASURES TO NOT MORE THAN 100; AND

18 (4) MEET AT LEAST TWICE A YEAR TO EVALUATE THE PROGRESS OF
19 AGENCIES IN ACHIEVING THE GOALS DEVELOPED IN THE MANAGING FOR RESULTS
20 STATE COMPREHENSIVE PLAN.

21 (H) ON A BIENNIAL BASIS THE PLANNING COMMITTEE SHALL REVIEW AND
22 UPDATE AS NECESSARY THE:

23 (1) GOALS DEVELOPED IN THE MANAGING FOR RESULTS STATE
24 COMPREHENSIVE PLAN; AND

25 (2) OBJECTIVES AND PERFORMANCE MEASURES SELECTED BY THE
26 PLANNING COMMITTEE.

27 (I) BY DECEMBER 1 OF EACH YEAR, THE PLANNING COMMITTEE SHALL
28 REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT
29 ARTICLE, TO THE GENERAL ASSEMBLY ON THE STATUS OF THE MANAGING FOR
30 RESULTS STATE COMPREHENSIVE PLAN, INCLUDING:

31 (1) WHETHER THE SELECTED OBJECTIVES AND PERFORMANCE
32 MEASURES ARE ADEQUATE TO EVALUATE THE GOALS OF THE MANAGING FOR
33 RESULTS STATE COMPREHENSIVE PLAN;

34 (2) THE PROGRESS OF AGENCIES IN ACHIEVING THE GOALS DEVELOPED
35 IN THE MANAGING FOR RESULTS STATE COMPREHENSIVE PLAN; AND

36 (3) THE REASONS WHY THE GOALS DEVELOPED IN THE MANAGING FOR
37 RESULTS STATE COMPREHENSIVE PLAN HAVE NOT BEEN ACHIEVED.

1 3-1003.

2 (A) ON OR BEFORE JULY 1 OF EACH EVEN-NUMBERED YEAR AN AGENCY, IN
3 CONJUNCTION WITH THE DEPARTMENT, SHALL SELECT NO MORE THAN SIX AGENCY
4 GOALS THAT ARE:

5 (1) COMPATIBLE WITH THE MANAGING FOR RESULTS STATE
6 COMPREHENSIVE PLAN; OR

7 (2) CONSISTENT WITH THE AGENCY'S MISSION IF THE GOALS
8 IDENTIFIED IN THE MANAGING FOR RESULTS STATE COMPREHENSIVE PLAN DO NOT
9 APPLY TO THE AGENCY.

10 (B) ON OR BEFORE AUGUST 31 OF EACH YEAR, AN AGENCY SHALL DEVELOP
11 AND SUBMIT TO THE DEPARTMENT AS PART OF THE BUDGET PROCESS A MANAGING
12 FOR RESULTS AGENCY STRATEGIC PLAN THAT SHALL INCLUDE:

13 (1) A MISSION STATEMENT;

14 (2) A DESCRIPTION OF THE AGENCY'S GOALS;

15 (3) A DESCRIPTION OF THE OBJECTIVES AND PERFORMANCE MEASURES
16 IMPLEMENTED AT THE PROGRAM LEVEL TO ACHIEVE THE AGENCY'S GOALS;

17 (4) AN OPERATIONAL DEFINITION AND DESCRIPTION OF EACH
18 PERFORMANCE MEASURE;

19 (5) A DESCRIPTION OF THE METHODS AND INDICATORS DEVELOPED
20 AND USED TO EVALUATE EACH PERFORMANCE MEASURE, INCLUDING A
21 DESCRIPTION OF THE INTERNAL CONTROLS ESTABLISHED TO ENSURE RELIABILITY
22 OF THE DATA COLLECTED FOR EACH PERFORMANCE MEASURE;

23 (6) AN IDENTIFICATION OF THE CUSTOMERS AND STAKEHOLDERS
24 SERVED;

25 (7) AN ANALYSIS OF THE USE OF RESOURCES TO MEET THE AGENCY'S
26 NEEDS, INCLUDING FUTURE NEEDS, AND AN ESTIMATE OF ADDITIONAL RESOURCES
27 THAT MAY BE NECESSARY TO MEET FUTURE NEEDS; AND

28 (8) AN ANALYSIS OF THE AGENCY'S PERFORMANCE MEASURE DATA,
29 INCLUDING:

30 (I) PERFORMANCE MEASURE STATISTICS FOR THE 2 MOST
31 RECENTLY COMPLETED FISCAL YEARS;

32 (II) PERFORMANCE MEASURE ESTIMATES FOR THE CURRENT YEAR
33 APPROPRIATION AND BUDGET REQUEST YEAR; AND

34 (III) WHETHER THE SELECTED PERFORMANCE MEASURES HAVE
35 ASSISTED THE AGENCY IN MEASURING THE SUCCESS OF THE PREVIOUS FISCAL
36 YEAR'S GOALS AND OBJECTIVES.

1 (C) AN AGENCY SUBJECT TO THIS SUBTITLE SHALL MAINTAIN
2 DOCUMENTATION OF THE INTERNAL CONTROLS ESTABLISHED TO EVALUATE
3 PERFORMANCE MEASURES THAT SHALL BE SUBJECT TO REVIEW BY THE STATE,
4 INCLUDING THE LEGISLATIVE AUDITOR.

5 3-1004.

6 (A) THE DEPARTMENT SHALL REPORT TO THE PLANNING COMMITTEE ON OR
7 BEFORE:

8 (1) OCTOBER 1 OF EACH EVEN-NUMBERED YEAR ON THE AGENCY
9 OBJECTIVES AND PERFORMANCE MEASURES DEVELOPED IN THE MANAGING FOR
10 RESULTS AGENCY STRATEGIC PLAN; AND

11 (2) MAY 1 AND NOVEMBER 1 OF EACH YEAR ON THE PROGRESS MADE BY
12 AGENCIES IN ACHIEVING THE GOALS DEVELOPED IN THE MANAGING FOR RESULTS
13 AGENCY STRATEGIC PLAN.

14 (B) THE DEPARTMENT SHALL PRESENT TO THE SENATE BUDGET AND
15 TAXATION COMMITTEE AND THE HOUSE APPROPRIATIONS COMMITTEE ON THE
16 THIRD WEDNESDAY OF JANUARY OF EACH YEAR A REPORT ON THE PROGRESS OF:

17 (1) AGENCIES IN ACHIEVING THE GOALS DEVELOPED IN THE
18 MANAGING FOR RESULTS AGENCY STRATEGIC PLAN; AND

19 (2) THE PLANNING COMMITTEE ON MONITORING AND EVALUATING THE
20 GOALS DEVELOPED IN THE MANAGING FOR RESULTS STATE COMPREHENSIVE PLAN.

21 (C) THE DEPARTMENT MAY ADOPT REGULATIONS NECESSARY TO
22 IMPLEMENT THE PROVISIONS OF THIS SUBTITLE.

23 7-102.

24 (a) The General Assembly desires that, during preparation of a proposed
25 budget, the Governor review, thoroughly and in detail, the recommendations of the
26 Spending Affordability Committee AND THE REPORT ON THE STATUS OF MANAGING
27 FOR RESULTS PREPARED BY THE PLANNING COMMITTEE AND MAKE CHANGES TO
28 THE BUDGET AS NECESSARY.

29 7-104.

30 (b) The Secretary shall include in the draft:

31 (1) items for capital improvements; AND

32 (2) THE MANAGING FOR RESULTS AGENCY STRATEGIC PLAN PREPARED
33 BY AN AGENCY AS REQUIRED UNDER TITLE 3, SUBTITLE 10 OF THIS ARTICLE.

1 7-121.

2 (a) The budget books shall contain a section that, by unit of the State
3 government, sets forth, for each program or purpose of that unit:

4 (1) the total number of officers and employees and the number in each
5 job classification:

6 (i) authorized in the State budget for the last full fiscal year and
7 the current fiscal year; and

8 (ii) requested for the next fiscal year;

9 (2) the total amount for salaries of officers and employees and the
10 amount for salaries of each job classification:

11 (i) spent during the last full fiscal year;

12 (ii) authorized in the State budget for the current fiscal year; and

13 (iii) requested for the next fiscal year; [and]

14 (3) an itemized statement of the expenditures for contractual services,
15 supplies and materials, equipment, land and structures, fixed charges, and other
16 operating expenses:

17 (i) made in the last full fiscal year;

18 (ii) authorized in the State budget for the current fiscal year; and

19 (iii) requested for the next fiscal year; AND

20 (4) THE MANAGING FOR RESULTS AGENCY STRATEGIC PLAN REQUIRED
21 UNDER THIS ARTICLE THAT SHALL BE LIMITED TO A DESCRIPTION OF THE AGENCY'S
22 MISSION, GOALS, OBJECTIVES, AND PERFORMANCE MEASURES.

23 **Article - State Government**

24 2-1221.

25 (b) (1) Performance audits shall be conducted when authorized by the
26 Legislative Auditor, when directed by the Joint Audit Committee or the Executive
27 Director, or when otherwise required by law.

28 (2) A performance audit conducted by the Office of Legislative Audits
29 may include:

30 (i) a review of the efficiency, effectiveness, and economy with which
31 resources are used; [and]

1 (ii) a review to determine whether desired program results are
2 achieved; AND

3 (III) A REVIEW TO DETERMINE THE RELIABILITY OF PERFORMANCE
4 MEASURES, AS DEFINED IN § 3-1001(G) OF THE STATE FINANCE AND PROCUREMENT
5 ARTICLE, IDENTIFIED IN THE MANAGING FOR RESULTS AGENCY STRATEGIC PLAN
6 DEVELOPED UNDER § 3-1003(B) OF THE STATE FINANCE AND PROCUREMENT
7 ARTICLE.

8 SECTION 2. AND BE IT FURTHER ENACTED, That the terms of the initial
9 members of the Managing for Results Strategic Planning Committee established by
10 Section 1 of this Act who are subject to appointment end as follows:

- 11 (1) four members in fiscal 2007;
12 (2) four members in fiscal 2008; and
13 (3) four members in fiscal 2009.

14 SECTION 3. AND BE IT FURTHER ENACTED, That on or before October 1,
15 2004, the Planning Committee shall report to the Governor and, subject to § 2-1246 of
16 the State Government Article, to the Senate Budget and Taxation Committee and the
17 House Appropriations Committee on the feasibility of providing agency or employee
18 rewards or incentives for achieving statewide goals or for establishing agency or
19 employee penalties or disincentives for failing to achieve statewide goals.

20 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 July 1, 2004.